

County of Sullivan, NH
Sullivan County Convention – Delegation
Public Hearing – Special Meeting MINUTES
Of the Special Meeting Held
THURSDAY - SEPTEMBER 6th, 2012 – 6:00 PM
Meeting Place: Sugar River Bank Community Room
10 North Main Street. Newport, NH 03773

Convention Members in Attendance:

Representatives Beverly Rodeschin – Chair, Thomas Howard – Vice Chair, John Cloutier – Clerk, Joe Osgood – Executive Finance Committee (EFC) Chair, Charlene Marcotte Lovett – EFC V. Chair, Spec Bowers – EFC Member, Thomas W. Laware – EFC Member, Steve Smith, Steve Cunningham, Raymond Gagnon, Paul LaCasse Sr., Ben Lefebvre. **Convention Member Absent:** Representative Andy Schmidt

County Commissioners, other Elected Officials, Administration, Department

Heads and staff present: Commissioners Bennie Nelson – Chair, Jeffrey Barrette – Vice Chair and John M. Callum Jr. – Clerk; Greg Chanis – County Administrator; Seth Wilner – Sullivan County UNHCE Educator; Department of Corrections Superintendent Ross L. Cunningham; and Sharon Callum – Administrator Assistant / Minute Taker.

Public Attendees: Mary Grenier – Lempster Select Board, Jim Grenier – Lempster School Board, Archie Mountain – Eagle Times Staff Reporter/Argus Champion Editor, Larry Converse – Claremont Citizen, Brenda Ferland – Charlestown Select Board, Suzanne Gottling – Sunapee Select Board, Peter Franklin – Newport Citizen, and one (1) unidentified male.

A package was distributed to all meeting attendees with the following documents:

- **Appendix A.1-2:** Public Hearing Notice & Agenda
- **Appendix B:** 7/16/2012 3:30 PM Delegation Capital Reserve Fund Subcommittee Meeting Report
- **Appendix C:** Capital Reserve Funds Summary Information September 6, 2012
- **Appendix D.1-7:** NH State RSA's from Title III Towns, Cities, Village Districts, and Unincorporated Places, Chapter 35 Capital Reserve Funds of Counties, Towns, Districts, and Water Department Section
- **Appendix E.1-4:** University of New Hampshire Cooperative Extension Memorandum of Understanding (MOU)
- **Appendix F:** Draft Motions for September 6, 2012 (This document was only given to Delegation members)
- **Appendix G:** Draft minutes of 7/9/12 Full Delegation Meeting (Only given to Delegation members)

6:00 PM **The Chair, Beverly Rodeschin, opened the public hearing meeting.**

Agenda Item No. 1 Review recommendations reported by the Delegation Capital Reserve Fund (CRF) Sub Committee, which include:

- a. Establishing a Sullivan County Capital Reserve Fund, per RSA 35:1, for future construction, reconstruction or acquisition of County owned infrastructure or the acquisition of equipment and vehicles
- b. To authorize a Fiscal Year 2013 supplemental appropriation, per RSA 24:14-a, in the amount of \$477,009, to be added to the previously established Sullivan County Capital Reserve Fund. This supplemental appropriation is to come from the Unreserved Fund Balance of Sullivan County

The Chair, Rep. Rodeschin, read verbatim, the above agenda items.

6:01 Motion: to establish a Sullivan County Capital Reserve Fund under the provisions of RSA 35:1, for the future constructions, reconstruction, or acquisitions of County owned infrastructure or acquisition of equipment and vehicles. Made by: Rep. Cunningham. Seconded by: Rep. Lovett.

The Chair requested the Delegation CRF Subcommittee to speak on behalf of their recommendations.

Rep. Lovett noted, the County is in a better position to establish a CRF at this time, we have in Unassigned Fund approximately 4million after receiving an unexpected supplemental ProShare payment; by establishing a CRF we are taking care of long term interest of tax payer – ‘this is very important’. She noted the CRF Subcommittee reviewed RSA’s, County is limited as to cap we can place into fund per year: it is 1/100 of 1% of the assessed value of county - if established tonight, the maximum amount would be for this year \$447,009.

The Chair opened the floor to Public Participation.

Brenda Ferland from Charlestown Select Board: Approves of the CRF and putting monies away for a specific reason; but concerned the wording is too ‘wide open’: i.e. for buildings or equipment. They should also consider the amount of what is going to be purchased and setting a minimum amount or major, especially when it comes to equipment. She has an issue with use of CRF’s on infrastructure equipment as they may be talking under \$10,000 purchases that could be done through leases for vehicles.

The Chair requested Commissioners address the comment.

Commissioner Barrette agreed the wording encompassed a broad scope, but any use of funds requires the Delegation approval. He also noted it’s much better to have money in the bank than borrow.

Ms. Ferland reiterated her suggestion to split the amount into separate funds vs. placing it in one account with broad spectrum. In response to Rep. Howard's request for clarification, she recommended setting one up for vehicles/equipment and the other for buildings/infrastructure. Rep. Howard asked why the distinction between the two. She noted if there were guidelines there would be less chance of spending it in next year or two if designated for a purpose.

Comm. Nelson noted this type of restriction is what killed the creation of the CRF several years ago; pointed out the monies, right now, are in an Unreserved fund and creating the CRF restricts way more by requiring Delegation approval. He cited several examples of items recently purchased that could have come from the CRF.

Rep. Gagnon noted his understanding by keeping it 'broad' allows greater flexibility and if funds were to be used, Delegation would need to hold a public hearing to vote on expenditures; he asked if this was correct, and, requested additional comments.

Rep Lovett concurred, she understood concerns for what might happen in future, but would hate to see those fears of the money not used for what it is designed for, to not move forward with creating a CRF. She pointed out this [CRF] was discussed six years ago, and is, ultimately, trying to protect the tax payer; where we are at now is unprecedented - 4 million in unassigned fund balance vs. in the 'red' three to four years ago. What we are doing is further restricting the money - the way it is now and looking into the future to protect long term interest of the tax payer. We don't want to not have the flexibility to use the CRF to take care of the issue at hand without immediately having to turn to the tax payer [to say] 'okay we have this problem and we have to raise taxes'. I don't want us to get caught up in debate on how this should be divided; assume there is financial pros to having it one lump sum in CRF vs. divided.

Mr. Chanis wanted to clarify a statement Rep. Gagnon made earlier, noting, it does not appear expenditures from CRF requires a public hearing, but that additions to CRF - in one way or another, whether through this process this evening with a supplemental appropriation hearing or through the regular budget process, requires public hearing and vote; a 2/3rd's majority vote of delegation is required if you change the purpose.

Rep. Cunningham noted he concurs with Rep. Gagnon and Lovett, and is all set on this matter.

Rep. Laware asked if there was a certain amount to make a capital purchase and could we set a limit to amount being funded opposed to what is being bought - say capital expense of \$50,000 or more?

Chair noted, we have that amount now, it's not going to increase taxes for the county, this is to create that; any time you want something from CRF you have to have a motion and support of the Delegation.

Rep. Laware questioned if it was possible to have a certain amount before it becomes a capital purchase?

The Chair expressed her opinion: they may not want to set a certain amount, as we don't know what they need; they cannot foresee the cost.

Rep. Laware noted purchases of vehicles would be better coming out of the operating budget vs. CRF.

The Chair noted that will be under discussion with Delegation.

Rep. Osgood is reluctant to tie hands of Delegation by putting limits on CRF; cited example of catastrophic failure of piece of equipment; it's better off to leave in hands of existing Delegation at time of failure.

Rep. Smith noted he was kind of with Ms. Ferland, but categories were different - 'catastrophic failure, unplanned maintenance, reconstruction', he's totally on board with as it seems like a different category vs. buying new stuff. If split, he suggested dedicating one portion of funds, possibly 70 /30, to fixing and replacing things and other allocated to new stuff.

Comm. John Callum Jr. requested all to read RSA 35:15 [Appendix D].

Rep. Howard feels this is a common sense approach that does not need to be complicated with different levels of funding; this is just a CRF, a prudent thing for County to do to protect money; as it is now, the Delegation can spend it as they want and could have a new delegation that will spend it how they see fit; it has to come in front of us, we have to agree to use it or not.

Comm. Nelson noted, most people leave balance in checkbook, we are just looking to put it in a separate account. Why have five different accounts and complicate with percentages - set it aside for capital things.

Rep. Lovett pointed out problem with splitting: every year amount is different, if smaller, by establishing multiple accounts, you might have to distribute a few dollars in different accounts, and you may not have the money in a ear marked account, but can't get to it because its not there for the purpose you need it for, which could create more of a potential problem.

Ms. Ferland reiterated her previously stated concerns, warning it's a mistake not to have specific funds; strongly encouraged them not to leave it in one 'pot'; and is concerned and uncomfortable with how 'wide open' the language is; needs them to set guidelines.

The Chair asked if this type of discussion came up in the CRF Subcommittee.

Rep. Lovett confirmed they checked into how other counties handled CRF's and found they all did it differently - there is no 'cookie cutter' approach.

The Chair asked if they heard any discussion like this when the Delegation discussed it previously.

Rep. Lovett noted this is what they are doing now.

Rep. LaCasse asked what the difference was between the Unreserved Fund Balance and CRF?

Mr. Chanis noted, the unassigned balance is not necessarily cash, it represents assets and a bunch of things; if a CRF is established and money appropriated, it's actually cash in the account, and does not commingle with other funds; as example, in theory, you can have \$400,000 in CRF and that would reduce the Unassigned Fund Balance by that amount, it would no longer be unassigned but reserved for capital; over time the County's Unassigned Fund Balance could go to zero or negative, but even if it did, the CRF would be sitting there with cash, in a bank, earning interest, because it's not part of the unassigned fund balance - it's reserved.

Rep. LaCasse asked, in case of a drained unreserved balance, what is the intent for CRF? Do you have a specific reason you want to use it for? Or would be a general pot of money?

Mr. Chanis indicated it would be a general pot of money to be used for capital expenditures, that could be used i.e. replacement for roof at nursing home, renovations on jail, or major purchases of equipment; the definition of capital differs from entity to entity, we choose to call capital expenditures, for county audit fixed asset depreciation schedule purposes, any item that costs over \$5,000 and has a useful life of over 10 years-is equipment.

Comm. Nelson reiterated, by putting this into a CRF, it's much more restricted vs. unreserved balance; in last six months the unreserved balance has been used by Delegates for a parking lot and to balance a budget - that money is 'flying all over and used at mercy of the political whims vs. CRF account.

The Chair asked the Delegates, by show of hands, how many have CRF's in their community? Nine Delegates affirmed this.

Rep. Gagnon noted they were off track, pointed out this is a public hearing, they should be accepting comments from the public and not internally critiquing comments until the end.

The Chair asked for further public comments.

Mary Grenier noted she was in favor of CRF and splitting for specific items.

Suzanne Gottling affirmed Ms. Ferland's comments and noted Sunapee has a number of fund balances for recurring expensive expenses; they use CRF for plan of replacement - it's worked well and they have 15 for very specific purposes with no general.

Seth Wilner is very much in favor for CRF; noted it was good financial planning; suggested they establish a general account and if needed revisit as they move forward.

Peter Franklin asked if guidelines were created for Delegation usage of money? He noted, Chair indicated it would take a Delegation vote, but not the type: majority or 2/3rd's.

A brief debate commenced between Chair Rodeschin and Mr. Franklin regarding previous proposals regarding CRF's discussions during former Delegation meetings Mr. Franklin participated on.

Rep. Osgood noted, by setting up the CRF per RSA 35:15, the vote says how to spend it and feels they would be reinventing the CRF if they establish guidelines.

Jim Grenier warned about drawing analogy between CRF for towns and the proposal presented today; most towns set aside funds until portion is attained then buy the item; some towns have general reserves and this falls more in that category; he feels this proposal is more in line for buildings, maintenance; overall, feels CRF is a good idea.

Peter Franklin noted he still has the same question; feels it's not reinventing the wheel; noted, if the Delegation finds, at some point that there is going to be deficit, revenue is not coming in or expenses greater - net is deficit, could this CRF be used to cover the deficit?

Mr. Chanis indicated it requires 2/3rd's majority vote as it changes purpose.

Peter Franklin referred back to a comment made by Comm. Nelson about using funds for the deficit this year. A brief discussion commenced between Franklin and Comm. Barrette.

The Chair questioned if the Commissioners voted on establishing the CRF and what their decision was? Commissioner Barrette noted, "*We absolutely endorse this idea.*"

Comm. Nelson wanted to clarify Mr. Franklin's statement, 'I said this is more restrictive than Unreserved balance, to use the fund balance to cover deficit requires majority, to use this [CRF] requires 2/3rd's'.

Mr. Chanis added, it was more complicated than that, 'As I understand it, to change the purpose requires 2/3rds majority vote, but, Delegation, on a majority vote, could dissolve this fund'.

The Chair asked again for questions or comments from public.

Seth Wilner thanked the Delegation for 'doing this'.

Rep. Laware asked, "If it takes 2/3rd's vote and a vehicle was to be purchased, we would need 2/3rd's vote?

Rep. Howard noted a 2/3rd's vote is if they change the purpose of the CRF.

Rep. Laware pointed out Mr. Chanis said the definition of a capital expenditure is something more than \$5,000 and at least 5 years – he asked about this and how long the County uses vehicles for.

Mr. Chanis confirmed it is over \$5,000, this is not an RSA but an arbitrary amount used for auditing purposes; each entity uses different amounts; we keep vehicles for various time periods: i.e. 5 yrs./ 10 yrs.; and indicated, it's not how long we keep them - it's based on useful life; these are guidelines for audit purposes.

Rep. Osgood pointed out the likelihood of 13 delegates authorizing CRF purchases of vehicles pretty small, as that is part of the budget process; he encouraged them not to get hung up on the words; he noted they are going into a new area with biomass plant and considers this a maintenance item down the road; he feels the CRF is ideal for that type of project; agrees with Lovett in that County is in an ideal time to set the CRF; he wished they are here asking "*how are we going to feed this fund?*"; he'd like to see CRF set up, modestly supplied until biomass plant is about paid for, then use savings to feed the CRF needed to maintain the biomass plant along with other buildings.

Rep. Smith asked for clarification and referred them to RSA 35:1 where there are six reasons to raise and appropriate money for a CRF; he questioned if they could make one to cover them all.

Mr. Chanis confirmed, when the CRF Subcommittee met, they contacted and spoke to NH DRA, he asked them about CRF sample wordings, which they provided to different versions of what towns had done; wording can be as specific or narrow as to what the governing body wants it to be; he reviewed their proposed language with DRA; there is a broad range of what CRF can be set up for - in theory Delegation can say it's for all things, but they are essentially saying number 2 [35:1.II.]

Rep. LaCasse asked *what the CRF Subcommittee recommendation was on CRF purpose?*

The Chair directed him to the Subcommittee minutes [Appendix B]

A brief discussion commenced between Rep. Gagnon and Lovett on understanding of CRF RSA's and their expectations of CRF usage.

Rep. Bowers, concurs with prior comments from Nelson, Howard, and Wilner - to keep it simple, 'clear cut', and feels it will fail if more complicated; they can expand or modify it later on.

The Chair asked if County audit financials were received.

Mr. Chanis confirmed they received a draft audit, but that it indicates Unassigned Fund Balance as of 6/30/12 to be around \$ 3,983,000+, which compared to Fund Balance at the end of 6/30/2011 is a \$300,000 increase from \$3,683,000.

The Vice Chair Howard called the question [of motion that began at 6:01].

The Chair asked for hand vote to call question. All approved.

The Clerk read through the 6:01 motion and requested a roll call vote.

- **11 YES's as follows: Bowers, Cloutier, Cunningham, Gagnon, Howard, LaCasse, Laware, Lefebvre, Lovett, Osgood, and Rodeschin**
- **1 NO as follows: Smith**
- **1 Absent as follows: Schmidt**
- **The motion passed with the majority vote.**

6:56 Motion: to authorize Fiscal Year 2013 supplemental appropriation, per RSA 24:14-a, in amount of \$477,009, to be added to the previously established Sullivan County Capital Reserve Fund. Made by: Rep. Lovett. Seconded by: Rep. LaCasse. Discussion: Rep. Bowers noted he wanted to reply to comments he heard outside here, 'This has no affect on taxes. It does not create a slush fund. All it does is moves money from 'checking to savings'. We still have the same money we started with. It's just accounting.'

Roll call vote was called for by Clerk:

- **12 YES's as follows: Bowers, Cloutier, Cunningham, Gagnon, Howard, LaCasse, Laware, Lefebvre, Lovett, Osgood, Smith, and Rodeschin.**
- **There were no NO's.**
- **1 Absent as follows: Schmidt**
- **The motion passed with all in favor.**

Non Agenda Item Congratulations

The Chair offered congratulations to Rep. Lefebvre who was married this summer.

Agenda Item No. 5. Any Old Business & New Business: Consideration and Ratification of the Memorandum of Understanding (MOU) between the University System, Sullivan County Convention and Commissioners

The Chair directed Delegates to review the University of NH MOU [Appendix E]. Mr. Wilner noted UNH renews this MOU every six (6) years and requires the Chair of the Delegation and Commission to sign - Commission ratified it last meeting.

6:58 Motion: to authorize the Chair to sign the [Appendix D] MOU. Made by: Rep. Bowers. Seconded by: Cloutier. Voice vote: All in favor.

Agenda Item No. 6. Meeting Minutes Review: July 9, 2012 Full Delegation Meeting Minutes

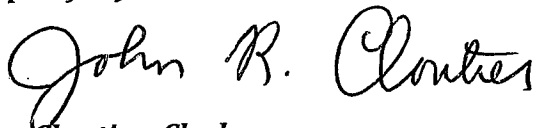
7:00 Motion: to approve the July 9th 2012 meeting minutes as typed. Made by: Bowers. Seconded by: Howard. Voice vote: All in favor.

Closing Remarks:

The Chair noted it was a pleasure working with everyone and wished them well.

7:01 The Chair adjourned the meeting.

Respectfully submitted,



*John Cloutier, Clerk
County of Sullivan, Convention*

JC/sjc

Date minutes approved: Sept. 19, 2012



**Sullivan County Delegation
PUBLIC HEARING NOTICE & AGENDA**

September 6, 2012, Thursday - 6:00 PM

Place: Sugar River Bank (SRB) Community Room
10 North Main Street, Newport NH 03773
(Additional parking behind SRB)

The purpose of the hearing is to provide testimony and accept public comments regarding the establishment and initial funding of a Sullivan County Capital Reserve Fund.

- 1. Review recommendations reported by the Delegation Capital Reserve Fund Sub Committee, which include:**
 - a. Establishing a Sullivan County Capital Reserve Fund, per RSA 35:1 , for future construction, reconstruction or acquisition of County owned infrastructure or the acquisition of equipment and vehicles
 - b. To authorize a Fiscal Year 2013 supplemental appropriation, per RSA 24:14-a, in the amount of \$477,009, to be added to the previously established Sullivan County Capital Reserve Fund. This supplemental appropriation is to come from the Unreserved Fund Balance of Sullivan County
- 2. Take public comments**
- 3. Vote on establishment of Capital Reserve Fund**
- 4. Vote on supplemental appropriation**
- 5. Any old business or new business:**

Corrected Notice Sent 8/9/12 11:47 AM / Updated 9/6/12

Submitted by: Delegation Chair Beverly Rodeschin, 14 Main Street, Newport, NH, 03773

- a. Consideration and ratification of the Memorandum of Understanding between the University System, Sullivan County Convention and Commissioners**

6. Meeting Minutes Review

- a. July 9, 2012 Full Delegation Meeting Minutes**

7. Adjourn Meeting

APPENDIX B

Delegation Capital Reserve Fund (CRF) Subcommittee Meeting Report

Date: Monday, July 16th 3:30 PM

Place: Newport, NH – 14 Main Street, 1st Floor Commissioners Conference Room

Attendees: Ray Gagnon, Charlene Lovett and Greg Chanis. Absent from meeting: Steve Cunningham

The meeting lasted a little over an hour.

The following recommendations came out of the meeting:

1. The **purpose** of the fund should be defined as "**for the construction, reconstruction or acquisition of County owned infrastructure or the acquisition of equipment and vehicles.**" Though broad in nature, it was the consensus - according to the statute, the public hearing notice must include the purpose of the CRF and this is the subcommittee's definition of the purpose. The delegation has the authority to modify this definition at the public hearing.
2. Given the balance currently in the unreserved fund, we concluded **the maximum amount possible should be transferred to the CRF.** According to statute, that amount is **1/100th of one percent of the assessed base valuation of the county.** Since 2012 figures are unavailable, we have to go according to 2011 figures. This year, the maximum amount that can be transferred is \$477,009. This leaves approximately 7.25% of operating expenses in the unreserved fund, well within Department of Revenue Administration's recommended range of 5-10 percent. Again, the delegation has the authority to modify the amount.
3. Several **public hearing dates** for the CRF were cited. Given Rep. Rodeschin's guidance to hold the public hearing after Labor Day, we selected **September 6th, 12th or 18th as possibilities.** A draft of the County audit will be available by then, responding to Rep. Bower's concern we do this after the audit figures are done.
4. Greg Chanis, County Administrator, will send an email to all of the delegates giving them an overview of the meeting and requesting their preference for a public hearing date.
5. The public hearing will give the delegates the opportunity to hear questions/concerns from the public with regard to the establishment of the CRF. A **vote by the delegation** on the establishment of the CRF should immediately follow the public hearing.

Respectfully submitted,
Representative Charlene Marcotte Lovett

CML/sjc

Capital Reserve Funds

Summary Information

September 6, 2012

- Authority to establish by majority vote of Delegation
 - At least 4 other Counties have established Capital Reserve Funds
 - Can be established for very broad or very narrow purposes
- Source of Funds
 - Appropriated as part of Budget Process (Public Hearing)
 - Supplemental appropriation from Unassigned Fund Balance (Public Hearing)
 - Annual appropriation limited to 1/100 of 1 percent of total County equalized assessed property value. Based on NH DRA 2011 figures, the equalized total value for Sullivan County was \$4,770,096,772, which would give us an annual appropriation limit this year of **\$477,009**
- Funds held in separate account not intermingled with other funds
 - Funds are audited as part of annual County financial audit.
 - Treasurer has custody of funds and can invest funds in;
 - Any federally or state chartered bank or association authorized to engage in a banking business in NH
 - Bonds or Notes of State of NH
 - Stocks and bonds that are legal for investment by banks and association's chartered by NH to in banking business, established by RSA 383:22
 - Participation units in Public Deposit Investment Pool
- Expenditures from fund must be approved by a majority vote of the Delegation and be used only for the original or properly amended purpose of the fund.
- Once established, the purpose of the funds can only be changed by a 2/3 majority vote of the Delegation.
- Fund can be discontinued by a majority vote of the Delegation

TITLE III

TOWNS, CITIES, VILLAGE DISTRICTS, AND UNINCORPORATED PLACES

CHAPTER 35

CAPITAL RESERVE FUNDS OF COUNTIES, TOWNS, DISTRICTS, AND WATER DEPARTMENTS

Section 35:1

35:1 Establishment of Reserves Authorized. — Any town, school district, village district, or county, as provided by RSA 35:3 may raise and appropriate money for the establishment of a capital reserve fund for the financing of all or part of the cost of:

- I. The construction, reconstruction or acquisition of a specific capital improvement, or the acquisition of a specific item or specific items of equipment; or
- II. The construction, reconstruction, or acquisition of a type of capital improvement or the acquisition of a type of equipment; or
- III. A reappraisal by appraisers of the department of revenue administration or such other appraisers, appraisal firms or corporations approved by the commissioner of revenue administration, of the real estate in such town for tax assessment purposes; or
- III-a. The acquisition of land; or
- IV. The acquisition of a tax map of said town; or
- V. Extraordinary legal fees and expenses related to present or foreseeable litigation involving the town or its officers and employees; or
- VI. Municipal and regional transportation improvement projects including engineering, right-of-way acquisition and construction costs of transportation facilities, and for operating and capital costs for public transportation.

Source. 1943, 160:1. RSA 35:1. 1973, 51:2. 1983, 42:2. 1985, 285:2, eff. Aug. 10, 1985. 1998, 4:3, eff. May 17, 1998.

Section 35:1-a

35:1-a Reserve Fund in Anticipation of New Fiscal Year. — Any county, city or town may establish a reserve fund in anticipation of the optional fiscal year pursuant to RSA 31:94-a through 94-d.

Source. 1973, 96:1, eff. June 23, 1973.

Section 35:1-b

35:1-b Reserve Fund for Education of Persons With Disabilities. — Any school district may establish a reserve fund under RSA 35:1 to meet the expenses of educating children with disabilities.

Source. 1983, 106:1. 1990, 140:2, III, X, eff. June 18, 1990. 2008, 274:31, eff. July 1, 2008.

Section 35:1-c

35:1-c Non-Capital Reserve Funds Authorized. — Any town, school district, county, or village district may establish a reserve fund for the maintenance and operation of a specific public facility or type of facility, a specific item or type of equipment, or for any other distinctly-stated specific public purpose that is not foreign to its institution or incompatible with the objects of its organization. Such funds shall be subject to all provisions and limitations of this chapter as are applicable to capital reserve funds. The legal validity of such a fund properly established shall not be affected by its designation as a "trust," "reserve," "capital reserve," or any other designation.

Source. 1995, 20:6, eff. June 11, 1995.

Section 35:2

35:2 Custody of School District Reserves. — Whenever any capital reserve of a school district is established the same shall be held in custody by the trustees of trust funds of the town wherein the school district lies or, in case of school district embracing 2 or more towns, by the trustees of trust funds of that town which the voters of the school district may elect.

Source. 1947, 8:2, eff. Feb. 26, 1947.

Section 35:3

35:3 Meetings. — Except as provided in RSA 35:7, the authority granted by RSA 35:1 shall be exercised only by a majority vote of the legal voters present and voting at an annual or special meeting in the case of a town, school district, or village district. The warrant for a town, school district, or village district meeting, to consider the establishment or discontinuance of such a reserve, shall include an article distinctly stating the purposes for which such reserve is to be established or was established as appropriate. In the case of a county, the authority granted in RSA 35:1 shall be exercised by a majority vote of the county delegation after a public hearing on the budget as required by RSA 24:23, RSA 24:13-c, IV, or RSA 24:14-a. The public notice of such hearing shall include a statement distinctly stating the purpose for which such reserve is to be established.

Source. 1943, 160:2. RSA 35:3. 1977, 287:2. 1991, 167:1, eff. July 26, 1991.

Section 35:4

35:4 Exception. — The authority hereby granted shall not be exercised by any city, except as may be necessary in connection with the authority granted by RSA 35:7.

Source. 1943, 160:3, eff. May 5, 1943.

Section 35:5

35:5 Payments Into Fund. — There may be paid into any such capital reserve fund, except as provided in RSA 35:7, such amounts as may from time to time be raised and appropriated therefor, from any source other than money given to the town, district, or county for charitable purposes. Such amounts shall be within the limits as provided in RSA 35:8, and any such town, district or county may also vote to transfer to said fund, under a proper article in the warrant in the case of a town or district, any of its unencumbered surplus funds remaining on hand at the end of any fiscal year.

Source. 1943, 160:4, eff. May 5, 1943. 2000, 224:4, eff. July 31, 2000.

Section 35:6

35:6 Funds Received in Eminent Domain Proceedings. — Any town, school district, village district or county which may receive funds from the United States or any agency thereof in eminent domain proceedings for the taking of its property or other public facilities or in settlement for such taking or of claims for damages to its property or other public facilities, may vote to use said funds, under a proper article in the warrant in the case of a town, school district or village district or by vote of the county delegation in the case of a county, to establish a capital reserve fund under this chapter. Funds so received shall not be subject to restriction as to investments prescribed in RSA 35:9 and may be invested in the same manner as trust funds under RSA 31:25. Funds so received may, if so voted, be used to retire existing indebtedness as well as for the purposes specified in RSA 35:1. In cases in which the United States or any agency thereof shall acquire a flowage easement in highways or bridges under the jurisdiction of a town, the town, if it votes to establish a capital reserve fund out of the funds received therefor from the United States or any agency thereof, may use such fund not only for capital improvements and capital expenditures as provided in RSA 35:1, but also for the maintenance, repair and reconstruction of the particular highways and bridges in which easements have been acquired or of such highways and bridges as may be provided in substitution therefor.

Source. 1947, 91:1. 1951, 106:1, eff. May 11, 1951.

Section 35:7

35:7 Water Departments. — Any water works or sewer department of a city or town, organized by general law or special act of the legislature and financed principally by water or sewer rentals, may, by unanimous vote of the body charged with the administration thereof, whether the local governing body, water board, or a board of water or sewer commissioners, establish a capital reserve fund for said department for the purposes as provided in RSA 35:1. Such reserve shall be

established only from surplus from water or sewer rentals and no part thereof shall be made from appropriations by said city or town.

Source. 1943, 160:5. 1994, 95:1, eff. July 8, 1994.

Section 35:8

35:8 Limitations on Appropriations. — Not town, school district, or village district shall raise and appropriate in any one year for such reserve an amount in excess of $1/2$ of one percent of the last base valuation for debt limit computed pursuant to RSA 33:4-b of said town or district; no county shall raise and appropriate for such reserve an amount in excess of $1/100$ of one percent of the last base valuation for debt limit computed pursuant to RSA 33:4-b for all municipalities included in said county.

Source: 1943, 160:6. 1945, 35:2. RSA 35:8. 1993, 176:6, eff. Aug. 8, 1993.

Section 35:9

35:9 Investment. — Each capital reserve fund shall be maintained separately on the books of the town. The assets of such funds may be pooled in order to invest in a broader range of investments to maximize growth and mitigate risk. Said capital reserve funds shall be invested only in deposits in any federally or state-chartered bank or association authorized to engage in a banking business in this state, or in bonds or notes of this state, in such stocks and bonds as are legal for investment by banks and associations chartered by this state to engage in a banking business, or in participation units in the public deposit investment pool established pursuant to RSA 383:22, or in obligations with principal and interest fully guaranteed by the United States government. The obligations may be held directly or in the form of securities of or other interests in any open-end or closed-end management-type investment company or investment trust registered under 15 U.S.C. section 80a-1 et seq., if the portfolio of the investment company or investment trust is limited to such obligations and repurchase agreements fully collateralized by such obligations. When so invested the trustees hereinafter named shall not be liable for the loss thereof. Any interest earned or capital gains realized on the moneys so invested shall accrue to and become a part of the individual funds on a pro-rata basis. Deposits in federally or state-chartered banks and associations shall be made in the name of the town, district, or county which holds the same as a reserve, and it shall appear upon the books thereof that the same is a capital reserve fund. Any person who directly or indirectly receives any such capital reserve funds for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the town, school district, village district, or county depositing or investing such funds. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral. The trustees shall formally adopt an investment policy for all investments made by them or by their agents for any trust funds in their custody in conformance with the provisions of applicable statutes. The trustees shall review and confirm the investment policy at least annually. A copy of the investment policy shall be filed with the attorney general.

Source. 1943, 160:7, RSA 35:9, 1961, 136:8, 1991, 268:7, 383:4, 1995, 20:7, eff. June 11, 1995, 1996, 209:9, eff. Aug. 9, 1996, 2001, 54:6, eff. Jan. 1, 2002, 2007, 164:3, eff. Aug. 17, 2007, 2010, 52:1, eff. July 17, 2010.

Section 35:10

35:10 Trustees of Funds. — The trustees of trust funds of a town or city shall have custody of any capital reserve of a town, district or water departments therein, the trustees of trust funds as provided in RSA 35:2 shall have custody of such capital reserve of a school district, and the county treasurer of a county shall have custody of any capital reserve of his county. Said trustees or treasurer shall give bond in such amount and in such form as the commissioner of revenue administration shall prescribe, and any such trustee or treasurer who shall make any payment of income or principal from any such capital reserve fund before the approval of his bond in writing by the commissioner of revenue administration shall be personally liable to the town, district, department or county for any loss resulting from such payment, to be recovered for the town, district, department or county at the suit of any citizen. The expenses of said trustees or treasurer in said capacity and the expense of their bonds shall be charged as incidental town, district, department or county charges.

Source. 1943, 160:8, RSA 35:10, 1973, 544:8, eff. Sept. 1, 1973.

Section 35:11

35:11 Payments From Surplus. — Whenever any town shall have voted to transfer any accumulated surplus to the capital reserve fund, the town clerk shall forward to the board of selectmen and to the town treasurer, within 10 days of the adoption of such vote, a certified copy of the same. The selectmen shall then draw an order on the town treasurer for the amount of surplus set forth in said vote. The town treasurer shall on receipt of the order immediately transfer to the trustees of trust funds of the town the amount specified in the order, or in the case of an optional fiscal year town, within 10 days of the determination of surplus following the close of the fiscal year.

Source. 1947, 91:2, par. 8a, RSA 35:11, 1993, 176:7, eff. Aug. 8, 1993.

Section 35:12

35:12 Appropriation. — Whenever the vote of the town is to appropriate any sum for the capital reserve fund, the same duties shall devolve upon the town clerk, selectmen, and town treasurer, as specified in RSA 35:11, except that the order must be drawn, and the sum transferred on or before December 31 following the vote, or, in the case of an optional fiscal year town, after July 1, but no later than June 30, of the fiscal year for which the sum was appropriated.

Source. 1947, 91:2, par. 8b, RSA 35:12, 1993, 176:8, eff. Aug. 8, 1993, 2000, 224:5, eff. July 31, 2000.

Section 35:13

35:13 School or Village District. — When a capital reserve fund is established by a school or village district, the same duties shall devolve upon the clerk of the school or village district, the members of the school board or the commissioners of the village district, the treasurer of the school district or the treasurer of the village district, as are prescribed in RSA 35:11 and 35:12 for the corresponding town officers.

Source. 1947, 91:2, par. 8c, eff. April 15, 1947.

Section 35:14

35:14 Penalty. — Any of the above officers failing to perform the duties above set forth, shall be guilty of a violation for every week said failure shall continue.

Source. 1947, 91:2, par. 8d RSA 35:14, 1973, 531:9, eff. Oct. 31, 1973, at 11:59 p.m.

Section 35:15

35:15 Expenditures. —

I. Persons holding said capital reserve funds in trust, as provided in this chapter, shall hold the same until such time as the town, district or county shall have voted to withdraw funds from such capital reserve fund or shall have named agents of the town, district or county to carry out the objects designated by the town, district or county, in the manner prescribed by RSA 35:3.

II. Expenditures from any fund established for the acquisition of land pursuant to RSA 35:1 shall be made only as authorized:

(a) By a majority vote of the legal voters present and voting at an annual or special meeting, in the case of a town, school district or village district, or by majority vote of the county delegation in the case of a county, or

(b) By the selectmen, appointed as agents pursuant to RSA 41:14-a, provided that the selectmen shall not have authority to expend any sum in excess of the amount contained in any capital reserve account created for the purchase of land other than any grant moneys which may be received.

III. (a) Notwithstanding the prohibition of debt retirement fund establishment in RSA 33:2, capital reserve funds may be used for multiple payments under a financing agreement for the purpose for which the capital reserve was established. If the financing agreement is a lease/purchase agreement the following shall apply:

(1) The lease/purchase agreement does not contain an "escape clause" or "non-appropriation clause"; and

(2) The lease/purchase agreement has been ratified by the legislative body by a vote by ballot of 2/3 of all the voters present and voting at an annual or special meeting.

(b) If agents have been named according to RSA 35:15, then no further vote is required to disburse funds following the initial vote which ratified the financing agreement.

IV. In the case of a water works or sewer department, as provided in RSA 35:7, the governing body, water board, or the water or sewer commissioners if any, shall determine when expenditures from said reserve shall be made.

V. In all cases, expenditures from a capital reserve fund shall be made only for or in connection with the purposes for which said fund was established or as amended as provided in RSA 35:16.

Source. 1943, 160:9. RSA 35:15. 1985, 285:3. 1991, 167:2. 1994, 95:2, eff. July 8, 1994. 1998, 43:1, eff. July 4, 1998. 2001, 187:1, eff. Sept. 3, 2001. 2007, 178:3, eff. Aug. 17, 2007.

Section 35:16

35:16 Change of Purpose. — After the purpose for which a capital reserve fund is established has been determined, no change shall be made in the purpose for which said fund may be expended unless and until such change has been authorized by a vote of 2/3 of all the voters present and voting at an annual town or district meeting, in the case of a town or district, or by vote of 2/3 of the entire membership of a county delegation, in case of a county, or by unanimous vote of the water board or commissioners of the water department, in the case of a water works department, as provided in RSA 35:7.

Source. 1943, 160:10, eff. May 5, 1943.

Section 35:16-a

35:16-a Discontinuing Fund. — Any town, school district, village district or county which has established a capital reserve fund pursuant to the provisions of this chapter may, as provided by RSA 35:3, vote to discontinue such capital reserve fund. If such fund is discontinued, the trustees of the trust fund holding the account for said fund shall pay all the monies in such fund to the town, district or county treasury as applicable.

Source. 1977, 287:1, eff. Aug. 26, 1977.

Section 35:17

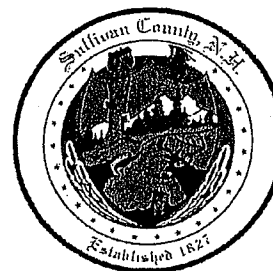
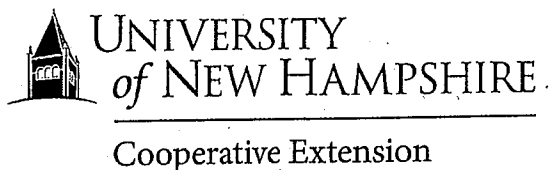
35:17 Audit; Records. — The accounts of the persons holding capital reserve funds shall be audited annually by the auditor of the town, in the case of a town, district, or water works department, or by the commissioner of revenue administration, in the case of a county, the securities shall be exhibited to said auditor or commissioner, and said auditor or commissioner shall certify the facts found by the audit and the list of all securities held. Said persons holding said funds shall keep a record of all such capital reserve funds in a record book, which shall be open to the inspection of all persons of their town, district, or county respectively.

Source. 1943, 160:11. RSA 35:17. 1973, 544:8, eff. Sept. 1, 1973.

Section 35:18

35:18 Disbursements. — No person holding in custody such capital reserve fund shall make any payment of income or principal or authorize the same to be done except in accordance with the provisions hereof. Whoever violates the provisions of this section shall be guilty of a misdemeanor if a natural person, or guilty of a felony if any other person.

Source. 1943, 160:12. RSA 35:18. 1973, 529:5, eff. at 11:59 P.M., Oct. 31, 1973.



MEMORANDUM OF UNDERSTANDING
Between the
University System of New Hampshire
and
Sullivan County Convention and Commissioners

Whereas, UNH Cooperative Extension has been charged by the Smith-Lever Act, enacted May 8, 1914, and amended by the Congress of the United States, and other federal legislation and the proper State authorities, with the organization and maintenance of Extension outreach programs and with the administration of public funds appropriated for such purposes; and

Whereas, the New Hampshire General Court, by Joint Resolution on March 17, 1915, authorized and empowered the trustees of the University of New Hampshire to receive the grants of money appropriated under the Smith-Lever Act, and to organize and conduct Extension work in accordance with the terms and conditions expressed in said act; and

Whereas, Sullivan County has appropriated county funds in partnership with state and federal funds for this purpose; and

Whereas, UNH Cooperative Extension has always sought the guidance and counsel of local citizens in the conduct of its educational programs;

Therefore, be it resolved that with a view to continuing the policy of local guidance, the Board of Trustees of the University System of New Hampshire and Sullivan County Convention and Commissioners do hereby enter into an agreement to recognize the Sullivan County Cooperative Extension Advisory Council as the sponsor, guide, and advisory group of Extension work in said county in accordance with the Statement of Operating Procedures for County Extension Advisory Councils, as may be amended from time to time, to be filed with the County Commissioners and the Board of Trustees of the University System of New Hampshire.

UNH Cooperative Extension
Memorandum of Understanding
Page 2

With a view of securing understanding, economy, and efficiency in administrating Cooperative Extension work in Sullivan County, The Board of Trustees of the University System of New Hampshire and Sullivan County Convention and Commissioners hereby execute the following memorandum of understanding in accordance with RSA Chapter 24:10a:

- I. UNH Cooperative Extension, contingent upon and consistent with the level of County support for Extension work as outlined in Goal 7 of the 2012 UNHCE Re-Extension Final Report (the Report), including staffing, funding, facilities, and as otherwise set forth in Section II, below, agrees, within the constraints of available resources:
 - A. To conduct educational outreach programs and provide educational services within Sullivan County, based upon identified needs within the county.
 - B. To employ and provide administration and supervision of each Extension staff member assigned to the Extension program within the county.
 - C. To provide a share of the personnel and operating costs of County Extension staff as outlined in the Report.
 - D. To make available University, state, and regional field subject matter specialists for planning, implementing and conducting educational programs in Sullivan County. And, to make available web-based and other electronic information resources in support of Extension programs in the county.
 - E. To provide professional development for UNH Cooperative Extension staff members located in counties.
 - F. That the County Cooperative Extension Advisory Council, working with UNH Cooperative Extension, will be accountable to the County Commissioners for the expenditures of county funds appropriated for Cooperative Extension programs as outlined in the Report.

UNH Cooperative Extension
Memorandum of Understanding
Page 3

- II. The Sullivan County Convention and Commissioners, contingent upon and consistent with the level of University of New Hampshire support to their outreach mission through UNH Cooperative Extension, agree:
 - A. To continue to give consideration to the support of UNH Cooperative Extension, as is its current practice and as outlined in the Report.
 - B. To ensure that county government will afford full and timely opportunities for communication with UNH Cooperative Extension.
 - C. To provide a representative of the County Convention and Commissioners to serve on the County Cooperative Extension Advisory Council.
- III. UNH Cooperative Extension and Sullivan County Convention and Commissioners agree:
 - A. That the duties and responsibilities of the council will be in accordance with the Statement of Operating Procedures for County Extension Advisory Councils.
 - B. That the County Cooperative Extension Advisory Council and County Office Administrator shall submit an annual budget request to the County Commissioners in time for suitable consideration. Once the County budget is finalized, the County Extension Advisory Council shall oversee the expenditure of County-appropriated funds through financial services as provided by UNH Cooperative Extension and as outlined in Goal 7 of the Report.
- IV. This Memorandum of Understanding may be revised by mutual agreement set forth in writing and signed by both parties, or canceled by either party to the agreement with at least six months written notice to the other party. No statement in this Memorandum should be construed as being contrary to or at variance with the laws of the United States or the state of New Hampshire.

APPENDIX E.4.

UNH Cooperative Extension
Memorandum of Understanding
Page 4

This Memorandum of Understanding shall be effective on the _____ day of _____, 2012, and shall expire six years later unless sooner renewed by written agreement signed by both parties.

Date: 8/21/12 by Bernie Nelson
Chair, Sullivan County Commissioners

Date: 8/21/12 by Sherry T. Roden
Chair, Sullivan County Delegation

Date: _____ by _____
Dean and Director,
University of New Hampshire Cooperative Extension

Date: _____ by _____
President, University of New Hampshire

Date: _____ by _____
County Extension Advisory Council Chair,
Sullivan County

8/01/2012

Draft Motions for September 6, 2012

Motion to establish Capital Reserve Fund

Motion to establish a Sullivan County Capital Reserve Fund, under the provisions of RSA 35:1, for the construction, reconstruction or acquisition of County owned infrastructure or the acquisition of equipment and vehicles.

Motion to fund Capital Reserve Fund

Motion to approve a supplemental appropriation, in the amount of \$477,009 to be added to the Sullivan County Capital Reserve Fund previously established. This sum to come from the June 30, 2012 Unassigned Fund Balance

Motion to approve MOU with UNH

Motion to approve the Memorandum of Understanding between the University System of New Hampshire and the Sullivan County Convention and Commissioners regarding the continued collaboration related to the Universities Cooperative Extension outreach program

 ORIGINAL

Full Delegation Meeting
7/9/12
Commissioners Conference Room, Newport

Delegation Members Present: Reps. Beverly Rodeschin, John Cloutier, Steve Cunningham, Raymond Gagnon, Thomas Howard, Charlene Lovett, Spec Bowers

Delegation Members Absent: Reps. Steven Smith, Philip "Joe" Osgood, Andrew Schmidt, Benjamin Lefebvre, Thomas Laware, Paul LaCasse

County Employees and Elected Officials Present: County Administrator Greg Chanis, SCHC Administrator Ted Purdy

Public Present: Former Claremont Rep. Larry Converse, Marion Lovett

Delegation Chair, Rep Rodeschin called meeting to order at 6:05 pm.

Rep. Lovett moved, Rep. Bowers seconded a motion to approve the minutes of the June 25, 2012 Delegation Meeting with the noted corrections.

Motion approved on 6-0 voice vote with Rep. Rodeschin abstaining because she was not present for June 25 meeting.

Rep. Lovett then brought up process for discussing and then establishing a capital reserve fund for the county by the end of the term on December 5, 2012. She then distributed July 9, 2012 Summary Information sheet on capital reserve funds to all delegates present (See attached info.)

The chair then announced she was appointing a three-member subcommittee of three delegates (Reps. Lovett, Gagnon and Cunningham) to make recommendations for establishing a capital reserve fund. Rep. Lovett agreed to serve as the subcommittee's chair.

Mr. Chanis then distributed an Analysis of Unreserved Fund Balance dated 7-9-12 (See attached info.) Said audit of county's finances should be done between the middle and the end of August.

The chair thanked Rep. Howard for presiding at the 6-25-12 Delegation Meeting in her absence.

Rep. Cunningham moved, Rep. Howard seconded a motion to adjourn at 6:56 pm.

Rep. John R. Cloutier
Rep. John R. Cloutier
Clerk

Date Approved: Sept. 6, 2012

SULLIVAN COUNTY NH – STATE / COUNTY DELEGATION
ATTENDANCE SHEET

DATE OF MEETING: September 6, 2012 6:00 PM - Thursday

LOCATION OF MEETING: Newport, NH – Sugar River Bank Community Room
10 N. Main Street, 03773

TYPE OF MEETING (*Full Delegation, Executive Finance, Special and type*):

Delegation Public Hearing to consider and vote on a Capital Reserve Fund

Directions: Please sign beside your name below and place a check mark in the appropriate column if you attended the Executive Finance Committee Meeting and / or Full Delegation Meeting.

Please return this sheet at the end of the meeting to Commissioners Office staff. Thank you.

REPRESENTATIVE NAME	EFC ✓	FULL MEETING ✓	SIGNATURE
Rep. Spec Bowers		✓	Spec Bowers
Rep. John Cloutier		✓	John R. Cloutier
Rep. Steve Cunningham		✓	Steve Cunningham
Rep. Ray Gagnon		✓	Raymond Gagnon
Rep. Thomas J. Howard		✓	Thomas J. Howard
Rep. Paul LaCasse Sr.		✓	Paul LaCasse
Rep. Thomas Laware		✓	Thomas Laware
Rep. Benjamin Lefebvre		✓	B. Lefebvre
Rep. Charlene Marcotte Lovett			Charlene Marcotte Lovett
Rep. Joe Osgood		✓	Joe Osgood
Rep. Andy Schmidt			
Rep. Steve Smith		✓	Steve Smith
Rep. Beverly Rodeschin		✓	Beverly T. Rodeschin

Meeting Sign-In Sheet

Type of meeting: PUBLIC HEARING

Date: 9/6/2012

Delegation: PUBLIC SIGN-IN SHEET

Time: 6:00 PM

Place/Room: Sugar River Bank Community Room, 10 N. Main Street, Newport NH

PRINT NAME	ORGANIZATION	TITLE	PHONE	EMAIL
1. SETH WILNER	UNH CDDP	EDU.	803-9200	
2. MARY GRENIER	LEMPSTER	SELECTMAN	863-5681	
3. JIM GRENIER	"	SCIENCE BOARD	863-5681	
4. Archie Mountain	Newport	Eagle	863-3716	
5. Larry Converse			542-2180	
6. Ross L Whittington	SCIENCE		628777	
7. Brenda Ferber				
8. Sue Gottling				
9. Peter Franklin				
10. Unknown man				
11.				
12.				
13.				
14.				
15.				
16.				
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18.				
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20.				
21.				
22.				